

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

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DISTRICT OF ARIZONA
MAY 03 2006
BY _____ DEPUTY

United States of America

Plaintiff,

1. Ira W. Gentry, Jr.
aka Ira Willie Gentry
aka Donald Isaac Williams
aka Don Williams
aka Fred Koone
aka Don Brown

(Counts 1, 2, 4, 6-9, 11-24, 26-30,
32-33, 35-59)

2. Randy W. Jenkins
aka Ivan Denman
aka Sov Freeman
aka CONCOIN

(Counts 1, 3, 5, 10, 18-23, 25, 31, 34-59)

Defendants.

NO

Redacted

CR06-0464-PHX

INDICTMENT

SRB

(VAM)

VIO: 18 U.S.C. § 371
(Conspiracy)
Count 1

15 U.S.C. § 78ff to violate
15 U.S.C. § 78j(b)
(Securities Fraud-False and
misleading statements, records)
Counts 2 - 22

18 U.S.C. § 1343
(Wire Fraud)
Counts 23 - 32

26 U.S.C. § 7201
(Tax Evasion)
Counts 33 - 34

18 U.S.C. § 1956(a)(2)(B)(i)
(International Concealment
Money Laundering)
Counts 35 - 45

18 U.S.C. § 1956(a)(1)(B)(i)
(Concealment Money
Laundering)
Counts 46 - 52

18 U.S.C. § 1957(a)
(Transactional Money
Laundering)
Counts 53 - 59

18 U.S.C. §§ 981, 982(a)(1)
28 U.S.C. § 2461
(Criminal Forfeiture)

18 U.S.C. § 2
(Aiding and Abetting)

1 THE GRAND JURY CHARGES:

2 INTRODUCTION

3 At all times material to this Indictment:

4 PARTIES AND ENTITIES

5 1. Defendant IRA W. GENTRY, JR. (hereafter "GENTRY") was a resident of
6 Glendale and Scottsdale, Arizona. Defendant GENTRY initiated the formation of UniDyn
7 Corp. and was its Chief Executive Officer from in or about December 1997 until in or about
8 May 2001.

9 2. Defendant RANDY W. JENKINS (hereafter "JENKINS") was a resident of
10 Glendale, Arizona. Defendant JENKINS was an Arizona attorney, disbarred in 1991, who
11 claimed to be corporate counsel for UniDyn Corp.

12 3. UniDyn Corp., a Nevada corporation, was formed in a merger transaction with an
13 existing corporate shell entity in or about December 1997. In or about January 1998, UniDyn
14 Corp. stock began trading on the National Association of Security Dealers (NASD) Over the
15 Counter Electronic Bulletin Board, under the trading symbol UNDY.

16 4. Istar Manufacturing Company was an Arizona corporation that was established by
17 defendant GENTRY and his wife, Lynn Marie (Wooton) Gentry, in 1991. In approximately
18 1995, Istar Manufacturing Company changed its name to Universal Dynamics (hereafter
19 Universal). In or about 1995, defendant GENTRY started maintaining that he was only a minor
20 shareholder in Universal, created a fictional president for Universal named "Fred Koone," and
21 created numerous fictional shareholders.

22 5. UniDyn, Inc. (hereafter "UniDyn-Bahamas") was a sham Bahamian international
23 business company secretly controlled by defendants GENTRY and JENKINS. The "Mearns"
24 group, or entity, was at times listed as the owner of UniDyn-Bahamas, and "Mearns" and
25 Unidyn-Bahamas were used at times interchangeably.

26 6. The Securities and Exchange Commission (hereafter "SEC") is an agency of the
27 United States whose mission is to protect investors, maintain fair, orderly, and efficient markets,
28

1 and facilitate capital formation. Corporations and their directors, officers, employees and
2 shareholders were required to comply with regulations of the SEC. Those regulations protect
3 members of the investing public and prohibit deceit, misrepresentations, and other fraud in the
4 sale of securities by, among other things, requiring that a company's financial information be
5 fully and accurately recorded and fairly presented to the public. The regulations require that
6 a company submit certain filings to the SEC in Washington, D.C., including fair and accurate
7 financial statements, management discussions and analysis of the company's business, company
8 annual reports (Form 10KSB), company quarterly reports (Form 10Q), and detailed stock
9 holdings of certain categories of shareholders.

10 7. SEC regulations require that a corporation disclose in its SEC filings all shareholders
11 who owned or controlled 5% or greater interest in the company. The corporate officers and
12 directors are also required to disclose the amount of shares held directly or indirectly through
13 beneficial ownership. In addition, the SEC requires notification by corporate officers, directors
14 and 10% or greater shareholders of sales of their stock holdings via Form 4, Statement of
15 Changes of Beneficial Ownership of Securities, and Form 5, Annual Statement of Changes In
16 Beneficial Ownership of Securities.

17 8. SEC regulations define "beneficial ownership" as any person who, directly or
18 indirectly, through any contract, arrangement, understanding, relationship or otherwise,
19 has or shares a direct or indirect pecuniary interest (i.e. the opportunity directly, or
20 indirectly, to profit or share in the profits) in a equity security. Corporate "insiders" are also
21 prohibited from buying or selling company-related securities on the basis of material non-
22 public information about the company.

23 9. The Internal Revenue Service (hereafter "IRS") is an agency of the United States
24 Department of Treasury responsible for enforcing and administering the tax laws of the
25 United States and collecting taxes owed to the Treasury of the United States.

26 UNIDYN CORP.'S DIVISIONS AND PRODUCTS

27 10. UniDyn Corp. operated or had under development four basic divisions or
28 product lines: 1) Northstar; 2) Derritron; 3) Avalon; and 4) the "Sterling concept."

1 11. Northstar was a line of vibration control systems sold to various customers in
2 the United States, Japan and elsewhere. In or before January 1998, Universal contributed its
3 inventory, accounts receivables, and the Northstar product line to UniDyn Corp. in exchange
4 for 1,440,000 shares of UniDyn Corp. stock.

5 12. Derritron was a line of vibration shakers, controllers and amplifiers that were
6 typically used in the quality assurance industry and were generally used by large
7 manufacturing companies. In or about 1997, defendant GENTRY caused the acquisition, by
8 UniDyn-Bahamas, of between \$500,000.00 to \$1,000,000.00 worth of various Derritron
9 products. On or before June 30, 1998, defendant GENTRY arranged for UniDyn-Bahamas
10 to transfer the Derritron line to UniDyn Corp. in exchange for approximately 14,576,000
11 shares (45.6%) of UniDyn Corp.'s common stock. UniDyn Corp.'s financial statements
12 valued the Derritron line in excess of \$4,000,000.00. Defendant GENTRY failed to
13 disclose, as required by law, to the SEC or to Smith and Company (hereafter "Smith"),
14 which was UniDyn Corp.'s independent accounting firm, the true facts associated with
15 UniDyn Corp.'s acquisition of Derritron.

16 13. Avalon Technologies, Inc. was a small manufacturing firm, incorporated in
17 Arizona by an unrelated party, that manufactured and sold products related to the hot air
18 solder leveler industry. On or about December 1, 1999, defendants JENKINS and
19 GENTRY, using Bahamian and Belize entities to hide their involvement, acquired the assets
20 of Avalon Technologies, Inc. from the unrelated party using UniDyn Corp. funds of
21 approximately \$660,000.00. On or about December 31, 1999, UniDyn Corp. entered into a
22 stock purchase agreement with defendants' nominee Bahamian entity called Avalon
23 Manufacturing Company, to acquire the same underlying assets in the December 1, 1999
24 transaction. In addition to the proceeds paid with UniDyn Corp. funds to the unrelated party,
25 UniDyn Corp. issued 700,000 shares of UniDyn Corp. stock to a Belize entity controlled by
26 defendants GENTRY and JENKINS that purportedly owned Avalon Manufacturing
27 Company. Through this structured series of transactions, Avalon, purchased originally by
28 defendants GENTRY and JENKINS for approximately \$660,000.00, as described above,

1 was valued on the financial statements of UniDyn Corp. in excess of \$1,650,000.00.
2 Defendant GENTRY failed to disclose, as required by law, to the SEC or Smith, the true
3 facts associated with UniDyn Corp.'s acquisition of Avalon.

4 14. In or before June 1998, Universal contributed the "Sterling concept" to UniDyn
5 Corp. in exchange for 6,416,000 shares of UniDyn Corp. stock. The "Sterling concept,"
6 was UniDyn Corp.'s flagship product. Unidyn Corp. acquired and touted the "Sterling
7 concept" as a new innovative technology nearing commercial development that would
8 detect manufacturer's defects on circuit boards with greater accuracy than any existing
9 product on the market.

10 STOCK TRANSACTIONS

11 15. In or about March 2000, defendants GENTRY and JENKINS directed that
12 6,416,000 restricted shares of UniDyn Corp. common stock held by UniDyn-Bahamas be
13 reissued as free-trading shares to Don Williams, an alias used by defendant GENTRY
14 (103,500 shares), and 4 purported foreign entities controlled by defendants GENTRY and
15 JENKINS: Prime Security Funding Ltd. (1,580,500 shares); Marriott Investment Fund, Ltd.
16 (hereafter "Marriott") (1,575,000 shares); CTX Trading, Inc. (1,582,000 shares); and
17 Mearns Acceptance Corp. (hereafter Mearns) (1,575,000 shares).

18 16. Between on or about March 7, 2000, and on or about March 15, 2000,
19 defendants GENTRY and JENKINS sold, or caused to be sold, through the Canadian
20 brokerage firm Union Securities, without required disclosures to the SEC and others,
21 approximately 847,500 shares of UniDyn Corp. common stock shares, held by Universal, for
22 approximately \$1,891,028.88. Defendants GENTRY and JENKINS transferred, or caused
23 to be transferred, \$1,150,000.00 to fund the purchase of defendant GENTRY's residence in
24 Scottsdale, Arizona, and approximately \$688,261.79 of these proceeds to bank accounts, in
25 the US and elsewhere, that defendants controlled.

26 17. Between on or about March 3, 2000, and on or about March 16, 2000,
27 defendants GENTRY and JENKINS sold, or caused to be sold, through the Canadian
28 brokerage firm Thomson Kernaghan, without required disclosures to the SEC and others,

1 approximately 1,030,000 shares of UniDyn Corp. common stock held in the name of
2 Marriott, for approximately \$2,309,185.63. Defendants GENTRY and JENKINS
3 transferred, or caused to be transferred, at least \$1,800,000.00 of these proceeds to bank
4 accounts, in the U.S. and elsewhere, that defendants controlled.

5 18. Between on or about March 14, 2000, and on or about April 14, 2000,
6 defendants GENTRY and JENKINS sold through the Canadian brokerage firm Thomson
7 Kernaghan, without required disclosures to the SEC and others, approximately 1,108,016
8 shares of UniDyn Corp. common stock, held in the name of Prime Security Funding Ltd.,
9 for approximately \$3,987,218.42. Defendants GENTRY and JENKINS transferred, or
10 caused to be transferred, at least \$3,500,000.00 of these proceeds to bank accounts, in the
11 U.S. and elsewhere, that they controlled.

12 **COUNT ONE**
13 **Conspiracy**
(18 U.S.C. § 371)

14 19. The factual allegations in paragraphs 1 - 18 of the Indictment are incorporated by
15 reference and re-alleged as though fully set forth herein.

16 20. Beginning at a time unknown to the Grand Jury, but at least as early as on or about
17 December 1, 1997, and continuing to a date unknown to the Grand Jury, but through at least
18 until April 2003, in the District of Arizona and elsewhere, defendants IRA W. GENTRY, JR.,
19 RANDY W. JENKINS, and others known and unknown to the Grand Jury, knowingly and
20 willfully combined, conspired, confederated, and agreed with each other and others, to (1)
21 defraud the United States by deceitful and dishonest means for the purpose of impeding,
22 impairing, obstructing and defeating the lawful government functions of the IRS, an agency of
23 the United States, in the ascertainment, computation, assessment, and collection of tax, and (2)
24 defraud the United States by deceitful and dishonest means for the purpose of impeding,
25 impairing, obstructing and defeating, by any manner and any means, the lawful government
26 functions of the SEC, an agency of the United States, whose purpose is to protect investors and
27 maintain the integrity of the securities markets, and (3) to commit the following offenses against
28 the United States:

- 1 (a) Title 15, United States Code, Section 78ff and 78j(b), Title 17, Code of
2 Regulations, Section 240.10b-5 (Securities Fraud);
3 (b) Title 18, United States Code, Section 1343 (Wire Fraud);
4 (c) Title 18, United States Code, Section 1341 (Mail Fraud);
5

6 **PURPOSE OF THE CONSPIRACY**

7 Defendants GENTRY and JENKINS, and others known and unknown to the Grand
8 Jury, conspired together, and devised a scheme to (1) secretly acquire ownership in Unidyn, Inc.
9 stock, (2) mislead the investing public and the SEC, through wire communications, in order
10 to inflate the value of the stock, and (3) sell the stock through Canadian Brokerage firms.
11 Defendants GENTRY and JENKINS secretly and dishonestly concealed their ownership of the
12 stock, and receipt of income from the sale of the stock, from the SEC and the IRS, in order to
13 perpetrate their stock manipulation and prevent the assessment, or collection of income tax.

14 **MANNER AND MEANS OF THE CONSPIRACY AND THE SCHEME TO**

15 **DEFRAUD**

16 21. The manner and means employed by defendants GENTRY and JENKINS and
17 others to effect the objects of the conspiracy were as follows:

- 18 (a) Defendants opened/maintained, or caused to be opened/maintained,
19 accounts at various financial institutions in the United States and
20 elsewhere using nominee entities, false tax identifying numbers and, in
21 some instances, aliases.
22 (b) Defendants merged various assets, including certain assets of Universal,
23 into a shell entity in order to form an entity whose stock would become
24 publically traded on a national stock exchange. In the merger process,
25 defendants placed, or caused to be placed, a substantial portion of the
26 common stock into various nominee entities that defendants secretly
27 controlled.
28

- 1 (c) Defendants conducted various financial transactions between these
2 entities and UniDyn Corp. using offshore nominee entities as middlemen.
3 Defendants structured transactions in order to disguise the true nature of
4 the transactions and to present financial information that made UniDyn
5 Corp. appear to have more assets and income than it had. Defendants
6 failed to disclose the true facts associated with these transactions to their
7 independent accountant, the SEC, and investors.
- 8 (d) Defendants filed, or caused to be filed, for UniDyn Corp., false or
9 incomplete SEC reports and schedules and false U.S. Corporate Income
10 Tax Returns, which failed to disclose that defendants controlled a
11 substantial portion of the UniDyn Corp. common stock held in the name
12 of nominee entities.
- 13 (e) Defendants issued, or caused to be issued, statements to the investing
14 public in press releases, in postings on Lycos-Raging Bull UniDyn
15 Website, in SEC reports and at investor presentations that were untrue
16 statements of material facts and omitted material facts necessary in order
17 to avoid misleading the investing public.
- 18 (f) Defendants made, or caused to be made, false and misleading statements
19 to UniDyn Corp.'s independent CPA auditors and tax return preparers.
- 20 (g) Defendants opened, caused to be opened, or assisted in the opening of
21 brokerage accounts in Canada using nominee entities and aliases.
- 22 (h) Defendants transferred, or caused to be transferred, UniDyn Corp.
23 stock shares held by Universal and various nominee entities into
24 Canadian brokerage accounts using aliases, fraudulent documents, and
25 schemes to conceal the true nature of the transactions and to circumvent
26 SEC reporting requirements.
27
28

- 1 (i) Defendants sold, or caused to be sold, a portion of their UniDyn Corp.
2 common stock through the Canadian brokerage accounts. Defendants
3 deposited, or caused to be deposited, proceeds from the sale of the
4 UniDyn Corp. stock into U.S. bank accounts over which they had
5 dominion and control.
- 6 (j) Defendants deposited, caused to be deposited, or assisted in depositing,
7 a portion of the proceeds from the sale of UniDyn Corp. stock from a
8 Canadian brokerage house into UniDyn Corp.'s U.S. bank accounts and
9 disguised the source of the funds. UniDyn Corp. used the stock sale
10 proceeds to pay operating expenses and continue the fraud.
- 11 (k) Defendants purchased assets in nominee names, or placed proceeds from
12 the sale of UniDyn Corp. stock into nominee entities, to disguise the
13 proceeds of the fraud and to avoid detection by tax authorities and others.
- 14 (l) Defendants failed to report to the IRS gross income earned and pay tax
15 due and owing on the proceeds derived from the sale of UniDyn Corp.
16 stock.
- 17 (m) Defendants failed to report to the IRS their financial interest in, or
18 signatory authority over, foreign bank accounts.

19 **OVERT ACTS**

20 22. In furtherance of the aforesaid conspiracy, and to effect the objects of the
21 conspiracy, defendants GENTRY and JENKINS and other coconspirators, known and unknown
22 to the Grand Jury, committed, or caused to be committed, overt acts, including but not limited
23 to, the following:

- 24 (1) In or about December 1997, defendants GENTRY and JENKINS directed, or
25 caused to be directed, that shares of UniDyn Corp. be issued in a merger
26 agreement to entities that defendants secretly controlled, including Universal,
27 UniDyn-Bahamas, and others.
- 28

- 1 (2) On or about December 30, 1997, defendant GENTRY filed, or caused to be filed,
2 through means or instrumentality of interstate commerce (internet), an SEC
3 Current Report (Form 8K).
- 4 (3) On or about April 15, 1998, defendant GENTRY filed, or caused to be filed,
5 through means or instrumentality of interstate commerce (internet), an SEC
6 Annual Report (Form 10KSB) for the period ending December 31, 1997.
- 7 (4) On or about May 15, 1998, defendant GENTRY, through means or
8 instrumentality of interstate commerce (email), provided to Bill Denney, a partner
9 at Smith, false and misleading information relevant to UniDyn Corp.'s SEC
10 filings.
- 11 (5) On or about June 15, 1998, defendant GENTRY prepared and provided to Smith
12 a letter that contained false and misleading information relevant to UniDyn
13 Corp.'s SEC filings.
- 14 (6) On or about June 30, 1998, defendant GENTRY transferred, or caused to be
15 transferred, various assets associated with the "Sterling Concept" to UniDyn
16 Corp.
- 17 (7) On or about July 6, 1999, defendant GENTRY provided to Smith, in connection
18 with audit work related to UniDyn Corp., a list of shareholders in Universal
19 Dynamics.
- 20 (8) On or about October 5, 1998, defendant GENTRY filed, or caused to be filed,
21 through means or instrumentality of interstate commerce (internet), an SEC
22 Amended Annual Report (Form 10KSB/A) for the period ending December 31,
23 1997.
- 24 (9) On or about December 30, 1998, defendant GENTRY issued, or caused to be
25 issued, by means or instrumentality of interstate commerce (internet), a press
26 release through Business Wire, Inc.
- 27
28

- 1 (10) On or about March 8, 1999, defendant GENTRY issued, or caused to be issued,
2 by means or instrumentality of interstate commerce (internet), a press release
3 through Newswire Association, Inc.
- 4 (11) On or about April 15, 1999, defendant GENTRY filed, or caused to be filed, by
5 means or instrumentality of interstate commerce (internet), an SEC Annual
6 Report (Form 10KSB) for the period ending December 31, 1998.
- 7 (12) On or about May 29, 1999, defendant GENTRY posted, or caused to be posted,
8 a message, by means or instrumentality of interstate commerce (internet),
9 through the Lycos-Raging Bull-UniDyn Corp. Message Board.
- 10 (13) On or about June 18, 1999, defendant GENTRY posted, or caused to be posted,
11 a message, by means or instrumentality of interstate commerce (internet),
12 through the Lycos-Raging Bull-UniDyn Corp. Message Board.
- 13 (14) On or about July 27, 1999, defendant GENTRY issued, or caused to be issued,
14 by means or instrumentality of interstate commerce (internet), a press release
15 through Business Wire, Inc.
- 16 (15) On or about July 29, 1999, defendant GENTRY issued, or caused to be issued,
17 by means or instrumentality of interstate commerce (internet), a press release
18 through Business Wire, Inc.
- 19 (16) On or about August 14, 1999, defendant GENTRY, by means or instrumentality
20 of interstate commerce (email), made untrue statements of material fact to
21 Smith's Bill Denney, in response to an inquiry from Denney.
- 22 (17) On or about August 30, 1999, defendant GENTRY posted, or caused to be
23 posted, a message, by means or instrumentality of interstate commerce (internet),
24 through the Lycos-Raging Bull-UniDyn Corp. Message Board.
- 25 (18) On or about September 29, 1999, defendants GENTRY and JENKINS, with the
26 assistance of two Bahamian citizens and others, opened, or caused to be opened,
27 a brokerage account at Thomson Kernaghan in Vancouver, British Columbia in
28 the name of Avalon Manufacturing.

- 1 (19) On or about October 2, 1999, defendant GENTRY posted, or caused to be posted,
2 a message, by means or instrumentality of interstate commerce (internet),
3 through the Lycos-Raging Bull-UniDyn Corp. Message Board.
- 4 (20) On or about November 1, 1999, defendant GENTRY issued, or caused to be
5 issued, by means or instrumentality of interstate commerce (internet), a press
6 release through Business Wire, Inc.
- 7 (21) On or about November 17, 1999, defendant GENTRY issued, or caused to be
8 issued, by means or instrumentality of interstate commerce (internet), a press
9 release through Business Wire, Inc.
- 10 (22) On or about December 27, 1999, defendant GENTRY signed a two-year holding
11 affidavit for 875,500 shares of UniDyn Corp. stock using as an alias, Don
12 Williams.
- 13 (23) On or about December 28, 1999, defendant GENTRY, by means or
14 instrumentality of interstate commerce, faxed, or caused to be faxed, the UniDyn
15 Corp. stock transfer agent a two-year holding affidavit for 875,500 shares of
16 UniDyn Corp. stock containing the notarized signature of Don Williams.
- 17 (24) On or about December 31, 1999, defendants GENTRY and JENKINS
18 transferred, or caused to be transferred, various assets associated with the Avalon
19 operation to UniDyn Corp.
- 20 (25) On or about December 31, 1999, defendant GENTRY issued an internal
21 memorandum to UniDyn Corp's chief accountant.
- 22 (26) On or about January 20, 2000, defendant GENTRY, by means or instrumentality
23 of interstate commerce, emailed to Bill Denney, a partner at Smith, a response to
24 Denney's inquiry regarding employee leasing.
- 25 (27) On or about January 28, 2000, defendant JENKINS opened, or caused to be
26 opened, an account at the Union Securities brokerage house in Vancouver, British
27 Columbia, in the name of Universal Dynamics.
- 28

- 1 (28) On or about February 14, 2000, defendant JENKINS signed and delivered to
2 Union Securities a disclosure document relating to the ownership of the UniDyn
3 Corp. stock.
- 4 (29) On or about February 22, 2000, defendants GENTRY or JENKINS delivered, or
5 caused to be delivered, via common carrier or U.S. Mail, 675,500 shares of
6 UniDyn Corp. stock to Union Securities for the account of Universal Dynamics.
- 7 (30) On or about March 1, 2000, defendant GENTRY faxed, or caused to be faxed,
8 from Arizona, by means or instrumentality of interstate commerce, to UniDyn
9 Corp.'s legal counsel in California, instructions to direct the UniDyn Corp. stock
10 transfer agent to reissue stock certificate #2022 (6,416,000 shares).
- 11 (31) On or about March 3, 2000, defendants JENKINS and GENTRY directed, or
12 caused to be directed, Thomson Kernaghan to sell approximately 1,030,000
13 shares of UniDyn Corp. common stock for the Marriot account.
- 14 (32) On or about March 6, 2000, defendant GENTRY directed the stock transfer agent
15 to mail, via common carrier, Certificate #2706 representing 1,575,000 shares of
16 UniDyn Corp. stock held by Marriott to the Canadian brokerage house, Thomson
17 Kernaghan.
- 18 (33) On or about March 7, 2000, defendants JENKINS and GENTRY directed, or
19 caused to be directed, Union Securities to sell 847,500 shares of UniDyn Corp.
20 stock for the account of Universal Dynamics.
- 21 (34) On or about March 8, 2000, defendant JENKINS, as agent of UniDyn, Inc.
22 (UniDyn-Bahamas), signed a notarized two-year holding affidavit for UniDyn
23 Corp. stock certificate #2022 that was faxed to the stock transfer agent in Utah.
- 24 (35) On or about March 8, 2000, defendant JENKINS, claiming to be an agent of
25 UniDyn-Bahamas, signed a "Power of Attorney to Transfer Bonds or Shares"
26 statement to transfer UniDyn Corp. stock certificate #2022 (6,416,000 shares)
27 to four nominee entities and Don Williams, defendant GENTRY's alias.
- 28

- 1 (36) On or about March 8, 2000, defendant JENKINS, on "Randy Jenkins, Esq."
2 letterhead, faxed by means or instrumentality of interstate commerce (telephone),
3 to UniDyn Corp.'s stock transfer agent in Utah instructions to transfer certificate
4 #2022 (6,416,000 shares) to the four nominee entities and Don Williams,
5 defendant Gentry's alias.
- 6 (37) On or about March 10, 2000, defendant GENTRY opened, or caused to be
7 opened, a brokerage account at Thomson Kernaghan in the name of "Prime
8 Security Funding, Ltd." using the alias Don Williams.
- 9 (38) On or about March 14, 2000, defendants JENKINS and GENTRY directed, or
10 caused to be directed, Thomson Kernaghan to sell approximately 1,108,106
11 shares of UniDyn Corp. common stock for the account of Prime Security
12 Funding, Ltd.
- 13 (39) On or about March 15, 2000, defendants JENKINS and GENTRY directed, or
14 caused to be directed, Union Securities to wire approximately \$1,838,261.79
15 from the account of Universal Dynamics to three entities: Nations Title, AZ Bar
16 Foundation Trust, and Advantage Business Trust.
- 17 (40) On or about March 22, 2000, defendant JENKINS opened, or caused to be
18 opened, a money market account, account number ending 6955, at Wells Fargo
19 Bank in the name of AZ Bar Foundation Trust, a corporation under the TIN
20 ending in the numbers 1710.
- 21 (41) On or about March 30, 2000, defendant GENTRY faxed, or caused to be
22 faxed, from Arizona to Utah a signed letter to Smith that contained untrue
23 statements of material facts and omitted material facts necessary to avoid
24 misleading Smith.
- 25 (42) On or about April 13, 2000, defendant GENTRY filed, or caused to be filed, a
26 SEC Annual Report (Form 10KSB) for the period ending December 31, 1999,
27 knowing that it contained untrue statements of material facts and omitted material
28 facts necessary to avoid misleading the investing public.

- 1 (43) On or about April 20, 2000, defendants GENTRY and JENKINS caused to be
2 wired \$500,000 from the Prime Security account at Thomson Kernaghan to the
3 Verde Vs. Oro Trust account at Wells Fargo Bank, Glendale, Arizona.
- 4 (44) On or about April 20, 2000, defendants GENTRY and JENKINS directed that
5 \$350,000 be wired from the Thomson Kernaghan account for Marriott to the
6 Verde Vs. Oro Trust account at Wells Fargo Bank, Glendale, Arizona.
- 7 (45) On or about April 20, 2000, defendants GENTRY and JENKINS directed that
8 \$3,000,000 be wired from the Thomson Kernaghan account for Prime Securities
9 Funding, Ltd. to the Randy Jenkins PC, AZ Bar Foundation Trust account at
10 Wells Fargo Bank, Glendale, Arizona.
- 11 (46) On or about April 27, 2000, defendant GENTRY issued, or caused to be
12 issued, by means or instrumentality of interstate commerce (internet), a press
13 release through Business Wire, Inc.
- 14 (47) On or about May 15, 2000, defendant GENTRY filed, or caused to be filed, by
15 means or instrumentality of interstate commerce (internet), an SEC Quarterly
16 Report (Form 10Q) for the period ending March 31, 2000.
- 17 (48) On or about May 23, 2000, defendant GENTRY filed, or caused to be filed, with
18 the SEC, by means or instrumentality of interstate commerce (internet),
19 Information Required in Proxy Statement (Schedule 14A) for UniDyn's annual
20 meeting scheduled for June 6, 2000.
- 21 (49) On or about May 31, 2000, defendant JENKINS posted, or caused to be posted,
22 a message, by means or instrumentality of interstate commerce (internet), through
23 the Lycos-Raging Bull-UniDyn Corp. Message Board.
- 24 (50) On or about June 5, 2000, defendant GENTRY issued, or caused to be issued,
25 by means or instrumentality of interstate commerce (internet), a press release
26 through Business Wire, Inc.
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- 1 (51) On or about June 8, 2000, defendant GENTRY opened, or caused to be opened,
2 a brokerage account at Thomson Kernaghan in the name of Mearns Acceptance
3 Corporation using the alias Don Williams.
- 4 (52) On or about July 6, 2000, defendant JENKINS, posted or caused to be posted, a
5 message, by means or instrumentality of interstate commerce (internet), through
6 the Lycos-Raging Bull-UniDyn Corp. Message Board.
- 7 (53) On or about September 19, 2000, defendant GENTRY issued, or caused to be
8 issued, by means or instrumentality of interstate commerce, a press release
9 through Business Wire, Inc.
- 10 (54) On or about September 1, 2000, defendant GENTRY directed, or caused to be
11 directed, Thomson Kernaghan to sell approximately 164,000 shares of UniDyn
12 Corp. stock for the account of Mearns Acceptance Corporation.
- 13 (55) On or about September 20, 2000, defendants GENTRY and JENKINS caused
14 approximately \$500,000.00 to be wired, by means or instrumentality of interstate
15 or foreign commerce, from an account in Canada to the UniDyn Corp.'s Bank
16 One account in Arizona ending in the account numbers 2726.
- 17 (56) On or about September 21, 2000, defendants GENTRY and JENKINS caused
18 approximately \$400,000.00 to be wired, by means or instrumentality of interstate
19 or foreign commerce, from an account in Canada to the UniDyn Corp.'s Bank
20 One account in Arizona ending in the account numbers 2726.
- 21 (57) On or about October 6, 2000, defendants GENTRY and JENKINS purchased, or
22 caused to be purchased, a Mercedes with proceeds of the UniDyn Corp. stock
23 sale.
- 24 (58) On or about October 6, 2000, defendants GENTRY and JENKINS purchased, or
25 caused to be purchased, three Ford vehicles with proceeds of the UniDyn Corp.
26 stock sale.
- 27 (59) On or about October 12, 2000, defendant GENTRY filed, or caused to be filed,
28 with the SEC, by means or instrumentality of interstate commerce (internet), an

1 Annual Statement of Changes Beneficial Ownership (Form 5) for the annual
2 period ending December 31, 1999.

- 3 (60) On or about October 17, 2000, defendant GENTRY issued, or caused to be
4 issued, by means or instrumentality of interstate commerce (internet), a press
5 release through Business Wire, Inc.
- 6 (61) On or about December 6, 2000, defendant GENTRY issued, or caused to be
7 issued, by means or instrumentality of interstate commerce (internet), a press
8 release through Business Wire, Inc.
- 9 (62) On or about December 11, 2000, defendant GENTRY issued, or caused to be
10 issued, by means or instrumentality of interstate commerce (internet), a press
11 release through Business Wire, Inc.
- 12 (63) On or about January 29, 2001, defendant GENTRY, filed or caused to be filed,
13 with the SEC, by means or instrumentality of interstate commerce (internet), an
14 Annual Statement of Changes Beneficial Ownership (Form 5) for the annual
15 period ending December 31, 2000.
- 16 (64) On or about February 13, 2001, defendant JENKINS posted, or caused to be
17 posted, a message, by means or instrumentality of interstate commerce (internet),
18 through the Lycos-Raging Bull-UniDyn Corp. Message Board.
- 19 (65) On or about April 2, 2001, defendant GENTRY filed, or caused to be filed, by
20 means or instrumentality of interstate commerce (internet), an SEC Quarterly
21 Report (Form 10KSB) for the period ending December 31, 2000.
- 22 (66) On or about April 2, 2001, defendant GENTRY issued or caused to be issued, by
23 means or instrumentality of interstate commerce (internet), a press release
24 through Business Wire, Inc.
- 25 (67) On or about April 3, 2001, defendants GENTRY and JENKINS caused funds to
26 be deposited from an account in the name of AZ Bar Foundation Trust, Randy
27 Jenkins PC, into UniDyn Corp.'s checking account.
28

1 (68) On or about April 12, 2001, defendants GENTRY and JENKINS purchased, or
2 caused to be purchased, a Jaguar with proceeds of the UniDyn Corp. stock sale
3 and titled or caused the car to be titled in a nominee name.

4 (69) On or about April 15, 2003, defendant GENTRY caused the filing of a false and
5 fraudulent 2000 U.S. Individual Income Tax Return (Form 1040) that omitted,
6 among other things, substantial income from the sale of UniDyn Corp. common
7 stock.

8 In violation of Title 18, United States Code, Sections 371 and 2.

9
10 **COUNTS TWO THROUGH ELEVEN**
11 **(Securities Fraud: Press Releases/Internet Postings)**
12 **[15 U.S.C. § 78ff to violate 15 U.S.C. 78j(b)]**

13 23. The factual allegations in paragraphs 1-18 and 21-22, of the Indictment are
14 incorporated by reference and re-alleged as though fully set forth herein.

15 24. From on or about the dates set forth in the chart below, each date constituting a
16 separate count, in the District of Arizona and elsewhere, defendants IRA W. GENTRY, JR.,
17 and RANDY W. JENKINS did unlawfully, willfully and knowingly, by use of means and
18 instrumentalities of interstate commerce (wire) and the mails, directly and indirectly used and
19 employed manipulative and deceptive devices and contrivances in connection with the purchase
20 and sale of stock, by (a) employing a device, scheme and artifice to defraud, (b) making untrue
21 statements of material facts and omitting to state material facts necessary in order to make the
22 statements made, in light of the circumstance under which they were made, not misleading, and
23 (c) engaging in acts, practices and a course of business which would and did operate as a fraud
24 and deceit upon members of the investing public.

25 25. Specifically, defendant GENTRY, for the purpose of defrauding buyers or sellers
26 of securities, on or about the dates listed below, submitted, or caused to be submitted, press
27 releases in Business Wire, Inc., knowing that statements contained therein were untrue material
28 representations or omitted material facts necessary avoid misleading to investors. Business

1 Wire, Inc. then posted and distributed the press releases via an internet-based distribution
2 system, to the general investing public and media sources in Arizona and elsewhere.

3 26. Specifically, defendant JENKINS, for the purpose of defrauding buyers and sellers
4 of securities, on or about the dates listed below, posted, or caused to be posted, messages sent
5 from Arizona to the Massachusetts-based Lycos-Raging Bull-UniDyn Corp. Message Board
6 via the internet (wire), knowing that the statements contained within those postings were untrue
7 material representations or omitted material facts necessary to avoid misleading investors.

Count	Defendant	Date	False Misleading Statement or Omission
2	GENTRY	4-27-2000	Announced in a press release that the Derritron received an order for 35 shaker units valued at \$1 million from an unnamed "U.S. based manufacturing firm", when in fact, the "U. S. based manufacturing company" was Avalon Manufacturing, a wholly owned UniDyn Corp. subsidiary.
3	JENKINS	5-31-2000	Posted to <u>Lycos-Raging Bull-UniDyn Corp. Message Board</u> a message claiming, as a common shareholder, to have gone to UniDyn Corp.'s facility and inspected the Sterling system and observed it to be a successful operation of scanning circuit boards.
4	GENTRY	6-5-2000	Announced in a press release that Derritron, shipped the first unit of a 35 unit order, valued at \$1 million to an unnamed "U.S. based manufacturing firm," when in fact, the U. S. based manufacturing firm was Avalon Manufacturing, another wholly owned UniDyn Corp. subsidiary.
5	JENKINS	7-6-2000	Posted to <u>Lycos-Raging Bull-UniDyn Corp. Message Board</u> a message claiming to have done due diligence on Mearns and representing it to be a group of investors.
6	GENTRY	9-19-2000	Announced in a press release that "Sterling" technology success...at levels of accuracy and resolution ...previously unattainable, when, in fact, no Sterling models had been fully developed or tested at that time.
7	GENTRY	10-17-2000	Announced in a press release "Sterling" license agreement sale for \$900,000.00, when, in fact, sale of license was made to an entity controlled by the defendants and the monies to fund the license agreement were derived from the sale of UniDyn Corp. stock in Canada by defendants GENTRY and JENKINS.

Count	Defendant	Date	False Misleading Statement or Omission
8	GENTRY	12-6-2000	Announced in a press release that a \$200 million agreement for the sale of Sterling had been made with a Japanese manufacturing company, when in fact, no such agreement had been made.
9	GENTRY	12-11-2000	Announced in a press release that a \$200 million agreement for the sale of Sterling had been made with a Japanese manufacturing company, when in fact, no agreement had been made.
10	JENKINS	1-13-2001	Posted to <u>Lycos-Raging Bull-UniDyn Corp. Message Board</u> a message claiming to have seen Sterling model ready for real world...engineers have "whipped" the speed issue...identified Mearns group as very wealthy....
11	GENTRY	4-2-2001	Announced in a press release revenues including \$900,000.00 in income from the sale of the Sterling license, when in fact, sale of license was made to an entity controlled by the defendants and the proceeds to fund the license agreement were derived from the sale of UniDyn Corp. stock in Canada by GENTRY and JENKINS.

In violation of Title 17, Code of Federal Regulations, Section 240.10b-5; Title 15, United States Code, Section 78j(b) and 78ff; Title 18 United States Code, Section 2.

COUNTS TWELVE THROUGH SEVENTEEN

(Securities Fraud: SEC Filings)
[15 U.S.C. § 78ff To Violate 78j(b)]

27. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

28. On or about the dates set forth in the chart below, each date constituting a separate count, in the District of Arizona and elsewhere, defendants GENTRY, and others known and unknown to the Grand Jury, in UniDyn Corp.'s Forms 10-K, 10-Q and proxy forms, did unlawfully, willfully and knowingly, by use of means and instrumentalities of interstate commerce (wire) and the mails, directly and indirectly use and employ manipulative and deceptive devices and contrivances directly and indirectly, in connection with the purchase and sale of stock, did (a) employ a device, scheme and artifice to defraud, (b) make untrue

statements of material facts and omit material facts necessary in order to make the statements made, in light of the circumstance under which they were made, not misleading, and (c) engaged in acts, practices and a course of business which would, and did, operate as a fraud and deceit upon members of the investing public in connection with the purchase and sale of a security.

29. Specifically, defendant GENTRY, submitted, or caused to be submitted, and signed as Chief Executive Officer quarterly, annual and proxy statements to the SEC in Washington D.C. from Utah, via the internet, that contained false information.

Count	Date of Filing	Report/Period	False Misleading Information or Omission
12	4-13-2000	SEC Form 10KSB / for period ending 12-31-1999	Failed to disclose beneficial ownership of UniDyn Corp. shares held by defendants GENTRY and JENKINS. Announced a \$200 million agreement to sell Sterling to Japanese manufacturing company. Overstated asset values on financial statements.
13	5-15-2000	SEC Form 10Q/ for the period ending 3-31-2000	Failed to disclose beneficial ownership of UniDyn Corp. shares held by defendants GENTRY or JENKINS. Failed to disclose that loan made from "a long time UniDyn Corp. shareholder" was monies generated by defendants from the sale of UniDyn Corp. stock in Canada. Overstated asset values on financial statements.
14	5-23-2000	SEC Schedule 14A-Proxy Statement	Failed to disclose beneficial ownership of UniDyn Corp. shares held by defendants GENTRY or JENKINS. Overstated asset values on financial statements.
15	10-12-2000	SEC Form 5 / for the period ending 12-31-1999	Failed to disclose (indirect) beneficial ownership shares held by defendant GENTRY. Failed to disclose shares sold by defendant GENTRY held in the name of (indirect) beneficial owners.

Count	Date of Filing	Report/Period	False Misleading Information or Omission
16	1-29-2001	SEC Form 5 / for the period ending 12-31-2000	Failed to disclose (indirect) beneficial ownership shares held by defendant GENTRY. Failed to disclose shares sold by defendant GENTRY held in the name of (indirect) beneficial owners.
17	4-2-2001	SEC Form 10Q / for the period ending 12-31-2000.	Failed to disclose beneficial ownership of UniDyn Corp. shares held by defendants GENTRY or JENKINS. Failed to disclose related-party transactions. Failed to disclose that sale of Sterling license agreement for was to an entity controlled by defendants and monies for the purchase were generated by the sale of UniDyn Corp. stock in Canada. Overstated asset values on financial statements.

In violation of Title 17, Code of Federal Regulations, Section 240.10b-5; Title 15, United States Code, Section 78j(b) and 78ff, 78m; Title 18, United States Code, Section 2.

COUNTS EIGHTEEN THROUGH TWENTY-TWO
(Securities Fraud-Insider Trading)
[15 U.S.C. § 78ff To Violate 78j(b)]

30. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

31. On or about the dates set forth in the chart below, each sale of stock constituting a separate count, in the District of Arizona and elsewhere, defendants IRA W. GENTRY, JR. RANDY W. JENKINS, and others known and unknown to the Grand Jury, did unlawfully, willfully and knowingly, by use of means and instrumentalities of interstate commerce and the mails, directly and indirectly use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of a security, in contravention of Rule 10b-5 (17 C.F.R. Section 240.10b-5) of the Rules and Regulations promulgated by the United

1 States Securities and Exchange Commission, by (a) employing a device, scheme and artifice to
2 defraud, (b) making untrue statements of material facts and omitting to state material facts
3 necessary in order to make the statements made, in light of the circumstance under which they
4 were made, not misleading, and (c) engaging in acts, practices and a course of business which
5 would and did operate as a fraud and deceit upon members of the investing public in connection
6 with the purchase and sale of a security.

7 32. Specifically, on the basis of material non-public information including, among other
8 things, that UniDyn Corp. had: 1) not successfully developed, patented, tested or marketed the
9 "Sterling concept"; 2) falsified its SEC reports; 3) issued false or misleading press releases; and
10 4) failed to attract diverse investors but was controlled by insiders using nominee entities to
11 disguise their ownership, defendants GENTRY and JENKINS sold, or caused to be sold, in
12 breach of a duty of trust and confidence owed to UniDyn Corp. and its shareholders, through
13 Canadian brokerage accounts, approximately 3,928,140 shares of UniDyn Corp. common stock,
14 generating proceeds of approximately \$8,754,364.94.

15

Count	Settlement Date	Thomson Kernaghan Account	# of Shares Sold	Approximate Sale Price Per Share	Approximate Gross Proceeds
18	5-18-2000	Prime Security Funding Ltd. ("Prime")	3,200	\$1.960	\$6,134.02
19	7-14-2000	Prime	5,000	\$1.45 to \$1.455	\$7,102.73
20	8-17-2000	Marriott	63,000	\$1.195 to \$1.30	\$75,958.81
21	9-12-2000	Prime	17,784	\$1.760 to \$1.860	\$32,019.01
22	9-13-2000	Mearns	30,000	\$1.590 to \$1.690	\$48,945.00

26
27
28

1 In violation of Title 17, Code of Federal Regulations, Section 240.10b-5; Title 15,
2 United States Code, Section 78j(b) and 78ff; Title 18, United States Code, Section 2.

3 **COUNTS TWENTY-THREE TO THIRTY-TWO**

4 **Wire Fraud**
5 **(18 U.S.C. § 1343)**

6 33. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are
7 incorporated by reference and re-alleged as though fully set forth herein.

8 34. From on or about the dates set forth in the chart below, in the District of Arizona and
9 elsewhere, defendants IRA W. GENTRY, JR., RANDY W. JENKINS and others known and
10 unknown to the Grand Jury, did knowingly and willfully devise and intend to devise a scheme and
11 artifice to defraud and to obtain money by means of materially false and fraudulent pretenses,
12 representations and promises.

13 35. On or about the dates listed below, each date constituting a separate count, in the
14 District of Arizona and elsewhere, for the purpose of executing said scheme and artifice to
15 defraud and to obtain money by means of materially false and fraudulent pretenses,
16 representations, and promises, defendants IRA W. GENTRY JR., RANDY W. JENKINS and
17 others known and unknown to the Grand Jury, did knowingly transmit, or cause to be transmitted,
18 by means of wire and radio communications in interstate or foreign commerce, certain writings,
19 pictures, signals and sounds (i.e. interstate or foreign long-distance telephone calls/faxes/
20 internet), to or from the District of Arizona, as set forth in the chart below, each such instance
21 containing at least one item of false information, each being a separate Count of this Indictment:

Count	Defendant	Date	Description/(False Misleading Information or Omission)
23	GENTRY JENKINS	4-20-2000	Wire of \$3,000,000.00 from Thomson Kernaghan (Canada) to Randy Jenkins PC / Arizona Bar Foundation (Arizona)
24	GENTRY	4-27-2000	Business Wire, San Francisco, California / Press Release disseminated by Internet to Arizona and elsewhere: Announced that the Derritron, a wholly owned subsidiary of UniDyn Corp., received an order for 35 shaker units valued at \$1 million from a U.S. based manufacturing firm.

Count	Defendant	Date	Description/(False Misleading Information or Omission)
25	JENKINS	5-31-2000	Posted on <u>Lycos-Raging Bull-UniDyn Corp. Message Board</u> a message claiming to have been an unknown stock holder who went to UniDyn Corp. facilities and inspected Sterling and saw it scan boards and note flaws. Claims Sterling will be like UL symbol.
26	GENTRY	6-5-2000	Business Wire, San Francisco, California / Press Release disseminated by Internet to Arizona and elsewhere: Announced that Derritron, a wholly owned subsidiary of UniDyn Corp. shipped the first unit of a 35 unit order valued at \$1 million to a U.S. based manufacturing firm.
27	GENTRY	9-19-2000	Business Wire, San Francisco, California / Press Release disseminated by Internet to Arizona and elsewhere: Announced "Sterling" technology success...at levels of accuracy and resolution ...previously unattainable.
28	GENTRY	10-17-2000	Business Wire, San Francisco, California / Press Release disseminated by Internet to Arizona and elsewhere: Announced Sterling license agreement sale for \$900,000.00.
29	GENTRY	12-6-2000	Business Wire, San Francisco, California / Press Release disseminated by Internet to Arizona and elsewhere: Stated Sterling initial technology had been successfully tested. Stated that a \$200 million agreement for the sale of Sterling had been made with a Japanese manufacturing company.
30	GENTRY	12-11-2000	Business Wire, San Francisco, California / Press Release disseminated by Internet to Arizona and elsewhere: Stated Sterling initial technology had been successfully tested. Stated that a \$200 million agreement with a Japanese manufactured company had been entered into to sell Sterling units.
31	JENKINS	2-13-2001	Posted on <u>Lycos-Raging Bull-UniDyn Corp. Message Board</u> a message claiming to have seen a working Sterling model-after signing a non-disclosure agreement-claims engineers have whipped the speed issue-claims to have found Mearns...group of investors with great wealth.
32	GENTRY	4-2-2001	Business Wire, San Francisco, California / Press Release / disseminated by Internet to Arizona and elsewhere: Announced successful beta testing of Sterling. Announced revenues including \$900,000.00 in income from the sale of the Sterling license.

COUNT THIRTY-THREE

(Tax Evasion)

26 U.S.C. § 7201

36. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

37. During the calendar year 2000, in the District of Arizona, and elsewhere, defendant IRA W. GENTRY, JR. had and received taxable income on which he owed income tax to the United States of America. Well-knowing and believing that he had taxable income and a tax due and owing, defendant GENTRY did willfully attempt to evade and defeat the income tax due and owing by him to the United States of America for the calendar year 2000, by failing to file a proper income tax return on or before April 15, 2001, as required by law, to the IRS or other proper officer of the United States, failing to pay the IRS the income tax due and owing, and committing the following affirmative acts of evasion, the likely effect of each of which would be to mislead or conceal his true and correct income tax due from proper officers of the United States of America:

(1) Defendant GENTRY opened, or caused to be opened, brokerage accounts in Canada using nominee names. From on or about March 7, 2000, through on or about December 28, 2000, defendant GENTRY sold, or caused to be sold, through Canadian brokerage accounts, approximately 3,268,540 shares of UniDyn Corp. common stock, for approximately \$8,629,911.74, at a substantial gain.

(2) Defendant GENTRY maintained, since as early as 1995, a nominee bank account, Verde Vs. Oro Trust Account at Wells Fargo Bank (formerly 1st Interstate Bank) using a false tax identification number and the alias Don Williams. Defendant GENTRY deposited, or caused to be deposited, substantial gross income from the sale of UniDyn Corp. stock directly or indirectly into the Verde Vs. Oro Trust Account in order to disguise the proceeds from tax authorities and others.

1 (3) Defendant GENTRY purchased various assets including, among others, an
2 approximate \$1.2 million Scottsdale personal residence, a \$139,658.65
3 Mercedes car, and \$220,635.22 in other cars and car renovations, from the
4 proceeds of the UniDyn Corp. stock sales and placed the assets into the
5 names of nominee entities or used bank accounts in the name of nominee
6 entities or aliases to pay for the expenditures in order to disguise the
7 proceeds from tax authorities and others.

8 (4) Defendant GENTRY hired a tax return preparer to complete a joint 2000
9 U.S. Individual Income Tax Return (Form 1040) for defendant GENTRY
10 and his wife, Lynn Marie (Wooton) Gentry. Defendant GENTRY failed to
11 provide the return preparer with complete and accurate information
12 regarding, among other things, the substantial sale of UniDyn Corp.
13 common stock in Canada, payments for real estate taxes on the Scottsdale
14 residence acquired with the UniDyn stock sale proceeds, and substantial
15 church contributions. Defendant GENTRY advised the return preparer that
16 he was out of town, on or about April 15, 2003, and instructed the return
17 preparer to sign and submit a return to the IRS reflecting \$90,534.00 in total
18 income, \$2,351.00 in total tax and requesting a tax refund of \$3,974.00.

19 In violation of Title 26, United States Code, Section 7201.

20
21 **COUNT THIRTY-FOUR**
22 **(Tax Evasion)**
26 U.S.C. § 7201

23 38. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are
24 incorporated by reference and re-alleged as though fully set forth herein.

25 39. During the calendar year 2000, in the District of Arizona, and elsewhere,
26 Defendant RANDY W. JENKINS had and received taxable income on which he owed income
27 tax to the United States of America. Well-knowing and believing that he had taxable income
28 and a tax due and owing, defendant JENKINS did willfully attempt to evade and defeat the

1 income tax due and owing by him to the United States of America for the calendar year 2000,
2 by failing to file a proper income tax return on or before April 15, 2001, as required by law, to
3 the IRS or other proper officer of the United States, failing to pay the IRS the income tax due
4 and owing, and committing the following affirmative acts of evasion, the likely effect of each
5 of which would be to mislead or conceal his true and correct income tax due from proper
6 officers of the United States of America:

- 7 (1) On or about March 15, 2000, defendant JENKINS caused Union
8 Securities to wire approximately \$688,261.79 of the proceeds from
9 Unidyn Corp. stock sales into two checking accounts held by defendant
10 JENKINS under nominee names. On or about March 20, 2000,
11 defendant JENKINS caused Thomson Kernaghan to wire approximately
12 \$3,000,000.00 of the proceeds from Unidyn Corp. stock sales into a
13 checking account held by defendant JENKINS under a nominee name.
- 14 (2) On or about March 21, 2000, defendant JENKINS opened an account
15 using the nominee name Advantage Strategies at a precious metals
16 dealership, Monex Deposit Company.
- 17 (3) On or about March 22, 2000, defendant JENKINS purchased
18 approximately \$310,379 in gold and silver coins using the nominee
19 account at Monex Deposit Company.
- 20 (4) On or about March 22, 2000, defendant JENKINS opened a savings
21 account at Wells Fargo Bank in the name of a nominee entity, AZ Bar
22 Foundation Trust, using an invalid tax identification number.
- 23 (5) On or about March 22, 2000, defendant JENKINS deposited
24 approximately \$357,882.79 into Wells Fargo AZ Bar Foundation Trust
25 account

26 In violation of Title 26, United States Code, Section 7201.
27
28

COUNTS THIRTY-FIVE THROUGH FORTY-FIVE
(International Concealment-Money Laundering)
[U.S.C. § 1956(a)(2)(B)(i)]

40. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

41. On or about the dates set forth in the chart below, in the District of Arizona and elsewhere, defendants IRA W. GENTRY, JR., RANDY W. JENKINS and others known and unknown to the Grand Jury, knowing that property involved in financial transactions represented the proceeds of some form of unlawful activities, conducted financial transactions consisting of transportation, transmission or transfers, or attempted transportation, transmission or transfers, of a monetary instrument from a place in the United States to a place outside the United States or from a place outside the United States to a place inside the United States, as set forth in the chart below, with the intent to conceal and disguise the nature, location, source, ownership or the control of the proceeds of specified activity, namely violations of 15 U.S.C. § 78ff to violate 15 U.S.C. § 78j(b) & 17 CFR 240.01b-5 (Securities Fraud) and 18 U.S.C. § 1343 (Wire Fraud), as alleged in Counts 2-32 of the Indictment, each such instance being a separate Count of this Indictment, as follows:

Ct	Defendant	Date of Transaction	Amount: Funds Transferred <u>From</u> : Funds Transferred <u>To</u>	Source of Funds
35	GENTRY JENKINS	4-20-2000 Wire Transfer	\$3,000,000: Thomson Kernaghan - Canada: Wells Fargo Bank - Randy Jenkins PC., Arizona Bar Foundation Trust Money Market Account-Arizona	Sale of UniDyn Corp. stock for the account of Prime.
36	GENTRY JENKINS	4-20-2000 Wire Transfer	\$500,000: Thomson Kernaghan- Canada: Wells Fargo Bank -Verde Vs. Oro Trust-Arizona	Sale of UniDyn Corp. stock for the account of Prime.

Ct	Defendant	Date of Transaction	Amount: Funds Transferred From: Funds Transferred To	Source of Funds
37	GENTRY JENKINS	4-20-2000 Wire Transfer	\$350,000: Thomson Kernaghan- Canada: Wells Fargo Bank - Verde Vs. Oro Trust - Arizona	Sale of UniDyn Corp. stock for the account of Marriott.
38	GENTRY JENKINS	8-1-2000 Wire Transfer	\$250,000: Thomson Kernaghan- Canada: Wells Fargo Bank - Verde Vs. Oro Trust - Arizona	Sale of UniDyn Corp. Stock for the account of Prime.
39	GENTRY JENKINS	9-20-2000 Wire Transfer	\$500,000: Thomson Kernaghan- Canada: Bank One - UniDyn Corp.- Utah	Sale of UniDyn Corp. Stock for the account of Prime.
40	GENTRY JENKINS	9-21-2000 Wire Transfer	\$400,000: Thomson Kernaghan- Canada: Bank One - Unidyn Corp. - Utah	Sale of UniDyn Corp. Stock for the account of Marriot.
41	GENTRY JENKINS	1-25-2001 Deposit of Cashier Ck # 001333182	\$2,500,000: Bank of America Account - SB 1504 Ltd - Arizona : Global Bank of Commerce - Hung Hai Ltd. - Antigua)	Transfer of proceeds of sale of UniDyn Corp. stock.
42	GENTRY JENKINS	3-29-2001 Wire Transfer	\$42,233: Global Bank of Commerce - Hung Hai Ltd. - Antigua: Scottsdale Auto Group - Arizona	Funds derived from the sale of UniDyn Corp. stock.
43	GENTRY JENKINS	4-25-2001 Wire Transfer	\$600,000: Global Bank of Commerce - Hung Hai Ltd. - Antigua: American National Bank - Texas	Funds derived from the sale of UniDyn Corp. stock.

Ct	Defendant	Date of Transaction	Amount: Funds Transferred <u>From</u> : Funds Transferred <u>To</u>	Source of Funds
44	GENTRY JENKINS	7-19-2001 Wire Transfer	\$250,000: Global Bank of Commerce - Hung Hai Ltd. - Antigua: Bank of America - TGlobal, Inc. - Arizona	Funds derived from the sale of UniDyn Corp. stock.
45	GENTRY JENKINS	10-12-2001 Wire Transfer	\$350,000: Global Bank of Commerce - Hung Hai Ltd. - Antigua: Bank of America - T- Global, Inc. - Arizona	Funds derived from the sale of UniDyn Corp. stock.

In violation of Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

COUNTS FOUTY-SIX THROUGH FIFTY-TWO
(Concealment-Money Laundering)
[U.S.C. § 1956(a)(1)(B)(I)]

42. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

43. From on or about the dates set forth in the chart below, in the District of Arizona and elsewhere, defendants IRA W. GENTRY, JR., RANDY W. JENKINS and others known and unknown to the Grand Jury, knowing that property involved in financial transactions represented the proceeds of some form of unlawful activities, conducted financial transactions, as set forth in the chart below, with the intent to conceal or disguise the nature, location, source, ownership or the control of the proceeds of specified activity, namely violations of 15 U.S.C. § 78ff to violate 15 U.S.C § 78j(b) & 78m (Securities Fraud) and 18 U.S.C. § 1343 (Wire Fraud), as alleged in Counts 2 - 32 of the Indictment, each such instance being a separate Count of this Indictment, as follows:

Ct	Defendant	Date of Trans. (Financial Inst.) [Check No.]	Amount (Account Name) [Signatory on account]	Source of Funds (Payee)	Description of Transaction
46	GENTRY JENKINS	5-12-2000 (Wells Fargo) [# 1643]	\$15,000 (Verde Vs. Oro Trust) [Don Williams]	Proceeds from sale of UniDyn Corp. stock (Brian Birchfield)	Scottsdale home remodel
47	GENTRY JENKINS	8-26-2000 (Wells Fargo) [#1664]	\$ 5,312.09 (Verde Vs. Oro Trust) [Don Williams]	Proceeds from sale of UniDyn Corp. stock (The Mattress Firm)	Purchase of goods
48	GENTRY JENKINS	12-28-2000 (Wells Fargo) [#1698]	\$4,000 (Verde Vs. Oro Trust) [Randy Jenkins]	Proceeds from sale of UniDyn Corp. stock (Kristy Shoemaker)	Payment for personal assistant / noted as "sale of Coins"
49	GENTRY JENKINS	1-18-2001 (Wells Fargo) [#1702]	\$20,000 (Verde Vs. Oro Trust) [Randy Jenkins]	Proceeds from sale of UniDyn Corp. stock (3-T Exploration)	Payment on investment under the name of Panda International
50	GENTRY JENKINS	4-3-2001 (Wells Fargo) [#1010]	\$340,000 (Randy Jenkins PC, Arizona Bar Foundation Trust) [Randy Jenkins]	Proceeds from the sale of UniDyn Corp. stock (UniDyn Corp.)	Private Placement of 1 million shares of stock in the name of Marriot.
51	GENTRY JENKINS	4-12-2001 (Wells Fargo) [#1011]	\$55,354 (AZ Bar Foundation Trust) [Randy Jenkins]	Proceeds from sale of UniDyn Corp. stock (Scottsdale Jaguar)	Purchase of car with title of car in the name of NCS, Ltd.
52	GENTRY JENKINS	10-16-2001 (Bank of America) [#1021]	\$70,440 (T-Global, Inc) [Travis Short]	Proceeds of sale of UniDyn Corp. stock (Classy Chassis)	Purchase of truck in the name of T- Global

In violation of Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.

COUNTS FIFTY-THREE THROUGH FIFTY-NINE
Transactional Money Laundering
[18 U.S.C. § 1957(A)]

44. The factual allegations in paragraphs 1-18 and 21-22 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

45. Beginning at a time unknown to the Grand Jury, but at least as early as in or about July 1999, through in or about November 2002, from on or about the dates listed below, in the District of Arizona and elsewhere, defendants RANDY W. JENKINS and IRA W. GENTRY, JR. and others known and unknown to the Grand Jury, within the United States and elsewhere, knowingly engaged in monetary transactions as set forth below, in criminally-derived property of a value greater than \$10,000.00, and which was derived from specified unlawful activities, namely violations of 15 U.S.C. § 78ff to violate 15 U.S.C § 78j(b) & 78m (Securities Fraud) and 18 U.S.C. § 1343 (Wire Fraud), as alleged in Counts 2-32 of the Indictment, each such instance being a separate Count of this Indictment, as follows:

Ct	Defendant	Date of Trans. (Financial Inst.) [Check No.]	Amount/ Payee	Source of Funds or Type of Expenditure	Description
53	GENTRY JENKINS	4-27-2000 (Wells Fargo- Verde Vs. Oro Trust) [Check # 1618]	\$62,000 Mecham Design and Performance	Sale of UniDyn Corp. Stock for the account of Prime	Purchase of custom Trans Am
54	GENTRY JENKINS	5-9-2000 (Wells Fargo Verde Vs. Oro Trust) [Check # 1641]	\$30,000 Dennis Mecham	Sale of UniDyn Corp. stock for the account of Prime	Payment for modifications to vehicles

Ct	Defendant	Date of Trans. (Financial Inst.) [Check No.]	Amount/ Payee	Source of Funds or Type of Expenditure	Description
55	GENTRY JENKINS	7-11-2000 (Wells Fargo- Verde Vs. Oro Trust) [Check # 1636]	\$12,663.50 Blue Ribbon Custom Tack, Inc.	Sale of UniDyn Corp. stock for the account of Prime	Purchase of two saddles
56	GENTRY JENKINS	8-4-2000 (Wells Fargo- Verde Vs. Oro Trust) [Check # 1658]	\$77,550 Horseman's Choice	Sale of UniDyn Corp. stock for the account of Prime Security Funding	Purchase of horse
57	GENTRY JENKINS	10-6-2000 (Wells Fargo- Az Bar Foundation Money Market) [wire transfer]	\$139,658.65 Chariots of Fire LLC	Sale of UniDyn Corp. stock for the account of Prime Security Funding	Purchase of Mercedes in the name of Universal Dynamics
58	GENTRY JENKINS	10-6-2000 (Wells Fargo- Az Bar Foundation Money Market) [Cashier ck # 6079001162]	\$124,679 Sanderson Ford	Sale of UniDyn Corp. stock for the account of Prime Security Funding	Purchase of three vehicles in the name of SB1504 Ltd. 1998 Ford Explorer 1999 Ford F-250 2000 Ford Excursion
59	GENTRY JENKINS	10-12-2000 (Wells Fargo- Verde Vs. Oro Trust) [Check # 1674]	\$29,981.95 IDG Jewelers	Sale of UniDyn Corp. stock for the account of Prime Security Funding	Purchase of Diamonds/ Jewelry

In violation of Title 18, United States Code, Sections 1957(a) and 2.

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1 property constituting proceeds obtained as a result of those violations; and 3) all property used
2 in any manner or part to commit or to facilitate the commission of those violations.
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4 b. A sum of money equal to the total amount of money involved in each offense, or
5 conspiracy to commit such offense, for which the defendant is convicted. If more than one
6 defendant is convicted of an offense, the defendants so convicted are jointly and severally liable
7 for the amount involved in such offense.
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9 Substitute Assets
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11 48. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title
12 18, United States Code, Section 982(b), each defendant shall forfeit substitute property, up to
13 the value of the amount described in paragraphs 46 and 47 above, if, by any act or omission of
14 the defendants, the property described in paragraphs 46 and 47, or any portion thereof, cannot
15 be located upon the exercise of due diligence; has been transferred, sold to or deposited with a
16 third party; has been placed beyond the jurisdiction of the court; has been substantially
17 diminished in value; or has been commingled with other property which cannot be divided
18 without difficulty, including but not limited to, the following:
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21 Real Property:
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23 a. All that lot or parcel of land, together with its buildings, appurtenances, improvements,
24 fixtures, attachments and easements, located at 5402 W. Myrtle Ave., Glendale, AZ 85301, and
25 more particularly described as: Lot Fourteen (14), Block One (1), Cook and White Addition
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1 Amended, according to the plat of record in the office of the County Recorder of Maricopa
2 county, Arizona, in book 30 of Maps, page 9. APN: 147 18 014.
3

4 All in accordance with Title 18, United States Code, Sections 981, 982(a)(1), 28 U.S.C.
5 Section 2461 and Rule 32.2(a), Federal Rules of Criminal Procedure.
6

7
8 A TRUE BILL

9 /S

10
11 FOREPERSON OF THE GRAND JURY
12 Date: 5-3-06

13 PAUL K. CHARLTON
14 United States Attorney
15 District of Arizona

16 5/
17 MICHELE HAMILTON-BURNS
18 Assistant U.S. Attorney

19 5/
20 NICHOLAS D. DICKINSON
21 Trial Attorney